FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

OFFICE OF
MANAGING DIRECTOR

JAN 0 6 2003

George L. Lyon, Jr.
Lukas, Nace, Gutierrez & Sachs.
1111 19th Street, N.W., Suite 1200
Washington, DC 20036

Re: Request for Waiver of FY 2002
Regulatory Fees
Fee Control No. 00000RROG-03-025

Dear Mr. Lyon:

This letter is in response to your request for waiver of Fiscal Year (FY) 2002 regulatory fees filed on behalf of PNI Spectrum, LLC (PNI).

You recite that on June 8, 2001 PNI, its parent and affiliates, filed for protection under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Georgia. In light of PNI's financial condition, you assert that payment of the regulatory fees for its CMRS facilities would impose an undue hardship on the company's limited financial resources.

The Commission will grant waivers of its regulatory fees on a sufficient showing of financial hardship. Evidence of bankruptcy or receivership is sufficient to establish financial hardship. See Implementation of Section 9 of the Communications Act, 10 FCC Rcd 12759, 12761-62 (1995) (waivers granted for licensees whose stations are bankrupt, undergoing Chapter 11 reorganization, or in receivership). You have submitted information showing that PNI has been the subject of Chapter 11 bankruptcy proceedings since June 8, 2001. Therefore, your request for waiver of the FY 2002 regulatory fees for PNI is granted.

If you have any questions concerning this letter, please contact the Revenue and Receivable Operations Group at (202) 418-1995.

Sincerely,

Mark A. Reger
Chief Financial Officer

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WRITER'S DIRECT DIAL

September 19, 2002

VIA HAND DELIVERY

Office of the Managing Director
Federal Communications Commission
445 12th Street, S.W., Room 1-A625
Washington, DC 20554

Attn: Regulatory Fee Waiver/Reduction Request

RE: Request for Waiver of Regulatory Fees for PNI Spectrum, LLC

Dear Sir:

On behalf of PNI Spectrum, LLC ("PNI"), this will request waiver of the regulatory fee payment now due for Fiscal Year 2002.

The basis for this waiver request, as explained below, is the compelling and extraordinary circumstance that the licensee is in Chapter 11 Bankruptcy proceedings.

PNI provides unbranded, wholesale one-way wireless messaging network services and related products to companies for resale to its customers.

As reported in public filings with the SEC, PNI experienced an erosion of its revenues from traditional one-way paging, which is the core of its networking services business and its principal source of revenue, This decline in networking services revenue is indicative of the trends being experienced by other one-way paging carriers. This and other factors combined to cause the Company to experience significant net losses and negative cash flows, and substantially to consume its available cash resources. As a result of the tightening of both public and private capital markets, PNI was unable to obtain additional capital to fund its operations.

On June 8, 2001 ("Petition Date"), PNI, its parent and affiliates (collectively "Company") filed for protection under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy

Court for the Northern District of Georgia ("Bankruptcy Court"). See Exhibit 1. PNI continues to manage its property and operate its business as "debtor-in-possession" in accordance with the applicable provisions of the Bankruptcy Code. No trustee or examiner has been appointed to the case. The case number assigned PNI is 01-67598JB, although the case is being administered under the case number for its corporate parent, PNI Technologies, Inc., Case No. 01-67595-JB. *See* Exhibit 1.

As part of its reorganization, PNI has reduced its workforce by more than 90 percent and instituted other cost saving measures to limit reduction in public service. Despite these efforts, the licensee has nevertheless had to suspend service in a number of markets to conserve cash. See Declaration of CEO Mark B. Jones, Exhibit **2,** hereto.

As reported in public filings with the SEC. the Company has experienced an erosion of revenues from its one-way paging operations, which form the core of the Company's networking services business and its principal source of revenue. This decline in networking services revenue is indicative of the trends being experienced by other one-way paging carriers. **At** the same time as its revenues declined, the Company incurred significant expenditures prior to June 2001 in its efforts to develop a new line of business, manufacturing and selling a line of networking products based on the Company's proprietary technology. These factors and others combined to cause the Company to experience significant net losses and negative cash flows, and to substantially consume its available cash resources. **As** a result of the tightening of both public and private capital markets, the Company was unable to obtain additional capital to fund its operations.

As reported in its Exchange Act reports, concurrent with its Chapter 11 bankruptcy filing the Company suspended all development, assembly and shipments of its networking products. The Company does not expect to resume such activities in the foreseeable future, although it may **seek** to transfer or license its patent with respecr to these technologies. The Company's principal revenue source remains its network services business, principally the sale of network "airtime" for one-way paging, which continues its trend toward lower per-user and aggregate revenues.

To reduce its operating losses, the Company has discontinued service in certain markets that were not profitable (consisting of its networks in the Midwest, Florida, the Mid-Atlantic and selected networks operating on certain frequencies in the Southeast and Northeast). In connection with the shutdown of these markets, the number of transmitter tower sites operated by the Company has decreased from approximately 450 sites prior to the Petition Date to approximately 162 active tower sites today. The Company intends to continue to operate its profitable networks, which consist of the majority of its Northeast and Southeast operations. Accordingly, although the Company believes that its efforts to eliminate unprofitable operations and reduce the size of its operations may enable it to become profitable, the reduction in network markets will result in a further decrease in revenues.

Since the Petition Date, the revenues of the Company have continued to decrease. While the Company is making on-going efforts to reduce expenses, and has made substantial progress in that regard, if the Company is unable to stabilize revenues in the coming months, the Company believes it is likely that it will be necessary to convert its current Chapter 11 bankruptcy filing to a Chapter 7 filing in anticipation of liquidation.

In light of its financial condition, payment of its regulatory fees would pose an undue hardship on the Company's limited financial resources.

As described above, the Company continues to experience the significant financial difficulties that required the Company to seek protection under the Bankruptcy Code. During the reorganization period, available cash has been and will continue to be limited and severely conserved. Available cash will be needed to pay secured creditors and meet administrative expenses, including payments for essential services, such as telecommunications services, and payments to outside professionals necessary to the bankruptcy proceeding, including bankruptcy attorneys and financial advisors. While the Company has taken dramatic steps to eliminate expenses in an effort to create positive cash flow, repay its lenders and emerge from bankruptcy, its revenues have continued to decrease and it will be necessary to take further steps to eliminate these expenses and to stabilize its revenue stream if the Company is to emerge from bankruptcy.

The Company has made substantial reductions in its operations in response to its financial difficulties. The Company at its peak employed approximately three hundred thirty-nine (339) employees but presently has approximately fifteen (15) full-time employees (including full-time temporary employees hired as independent contractors), including a corporate financial and accounting staff of two (2) employees.

Thus, payment of its regulatory fees will further reduce the licensee's available cash to support operations, will result in further limitations of service to the public and will cause further financial hardship to the licensee. ***See*** Exhibit 2, declaration of CEO Mark B. Jones.

On December 12, 2001, the Commission granted PNI waiver of its Fiscal Year 2001 regulatory fees based on essentially the state of facts set forth above. ***See*** Exhibit 3. The Commission noted that evidence of bankruptcy or receivership is sufficient to establish financial hardship. In light of that action, similar action is justified on this request for waiver.

Accordingly, it is plain that the licensee has met the standard of showing compelling and extraordinary circumstances to justify waiver of the regulatory fee payment. Therefore, it is respectfully requested that the Commission waive PNI's regulatory fee payment.

Should any questions arise concerning this request, kindly contact this office.

Very truly yours,

George L. Lyon, Jr.

GLL/jc
Exhibits 1-3